

**MINUTES  
REGULAR MEETING  
RETIREMENT BOARD OF TRUSTEES  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE  
JULY 30, 2020**

The regular meeting of the Retirement Board of Trustees was held in the Metropolitan Council Chambers at 222 St. Louis Street, due to social distancing requirements, and was called to order at 10:00 a.m. by Board Chairman Ms. Marsha Hanlon. Members present: Mr. Joseph Toups, Mr. Brian Bernard, Mr. Mark LeBlanc, Mr. David West, Sgt. Neal Noel, and Mr. Britt Hines. Absent: None. Staff present: Mr. Jeffrey Yates, Mr. Russell Smith, Mr. Kyle Drago, and Mr. Mark Williams. Others present: Ms. Denise Akers – legal counsel, Ms. Tiffani Dorsa – P&N (independent auditors), and Ms. Shelley Johnson – Foster & Foster (actuarial consultants).

Mr. Kyle Drago formally called the roll.

The chairman began by introducing Item 1, Reading and Approval of Minutes, and noted that there were minutes being considered for approval from the regular meeting of June 25, 2020, and from the Investment Committee meeting of June 16, 2020 and called for a motion.

**Motion by Mr. LeBlanc, seconded by Mr. Toups to suspend the reading of, and approve the minutes of the regular meeting of June 25, 2020, and of the Investment Committee meeting of June 16, 2020 as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 2, Disability, there were no applications for consideration for disability retirement.

The next item on the agenda was Item 3, Benefits Report, and the chairman called on Mr. Yates to present the report. Mr. Yates stated that the report was in order as presented, and that the staff had reviewed it prior to the meeting. He noted that the backload of DROP entries, due to the pandemic, had been cleared. He stated that he would answer any questions.

**Motion by Mr. LeBlanc, seconded by Mr. Bernard to approve the Benefits Report as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

The next item on the agenda was Item 4, DROP Notifications Report, and it was noted that this report was provided for informational purposes only, and no action was necessary.

The chairman then moved to Item 5, Consultants' Reports, and recognized Ms. Akers for her report. Ms. Akers stated that her report showed updated information highlighted in yellow. She proceeded to give the status of each securities litigation, and noted that in some cases court procedures and deadlines had been delayed because of the effect of the pandemic. Ms. Akers gave an update in the litigation with Macrogenics, and noted that the judge needed to approve the schedule. In the Greensky litigation there is still the possibility of having to do depositions, but it is also possible the defendant may ask to enter into mediation. In the Impinj case, the Board had approved a settlement of \$20 million, but the court must still approve the process which could take over a year. She also gave updates in the Energy Transfer, LP case, in which an amended complaint was filed and discovery continues. In the Merit Medical case, CPERS had met all its deadlines spelled out in the schedule, and that a motion to dismiss is being responded to. No Board action was necessary for the items presented.

The next item was Item 6, Committee Reports, and under Item 6C, Election Committee Reports, the chairman called on Mr. Toups for his report. Mr. Toups stated that an Election Committee meeting was held at 9:30 a.m. this morning, and the committee approved the schedule of events for the runoff election. He stated that runoff election ballots would be mailed August 14<sup>th</sup>, and the election will go through September 14<sup>th</sup>. There is also time allotted for any challenge to the election. Mr. Toups also noted that the results could be ratified at the Board's September regular meeting. The term for the winning candidate would run from May 26, 2020 through May 25, 2024.

Moving to Item 7, Staff Reports, the chairman noted that under Item 7C, there were invoices from the law offices of Akers & Wisbar, LLC that needed approval for payment.

**Motion by Mr. LeBlanc, seconded by Mr. Toups to approve payment for the charges to the law firm of Akers & Wisbar, LLC, as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under 7F, there were no investment manager/consultant invoices for the Board's review.

Under 7G, Cash Activity Report, Mr. Drago presented the report and noted that there was nothing significant to point out. He also noted the budget report to supplement the information.

Under Item 8, Unfinished Business, there were no matters to address.

Under Item 9, New Business, the chairman introduced item 9A, Presentation of the 2021 Retirement Office Budget – CPERS Original Trust, and recognized Mr. Smith for his comments. Mr. Smith stated that he had sent the budget package to the Board members a few days ago for review. He explained how many of the amounts for the line items were determined, such as investment appreciation and contractual services. In answer to a question from the chairman, he stated that the split rate between CPERS and the PGT has changed slightly, and that it was included in the budgeted numbers. He noted that he had not yet seen the updated split between the general and special revenue funds. Mr. Smith answered several questions regarding specific line items. Ms. Hanlon noted that the severance payments would be attributed to 2020 rather than 2021 and asked Mr. Smith to make that change.

**Motion by Ms. Hanlon, seconded by Mr. Toups to approve the budget with the change for the severance pay line item as discussed.**

**No discussion and no objections.**

**Motion passed by those members present.**

The next item on the agenda, was Item 9B, Consideration of a Foster & Foster Study to Analyze the Financial Viability of the DROP Program for CPERS and the PGT, and to Analyze the Effect on Funding of Part-Time Post DROP Employment. The chairman recognized Mr. LeBlanc for his comments. Mr. LeBlanc stated that he thought the Board should address this issue to find out once and for all how the DROP impacts the financial stability of the System; that is, whether it benefits the System, is cost neutral, or creates a drag on the System. He noted that there are about \$274 million of DROP funds that are included on the financial statements. He stated that if the Board doesn't ask these questions, that eventually someone else will, and that he had already been asked by members about the effect of the DROP on the overall plan. As part of the study, he noted that Mr. Yates had asked if the part-time employment after DROP could be looked at also. Mr. LeBlanc stated that he wanted to have something from a financial and actuarial perspective that provides answers to questions that may be asked, and that he knew that in various investment or economic environments the results may vary, and that he wouldn't mind seeing several "what-if" scenarios in the study. Ms. Shelley Johnson stated that she agreed it would be good to analyze the effect of the DROP on the System. She noted that some of the DROP costs are figured into the normal cost for the plan but that there were many other effects of the DROP. She also agreed that the return to work of retirees situation should be analyzed as well. She stated that she would begin to prepare a scope of the study, including her understanding of all aspects of the DROP, and would provide a cost estimate. She thought it was a good idea to include several scenarios as mentioned before. In answer to a question from Mr. West, Mr. Yates stated that studies were done in the past prior to altering the terms of the DROP, such as extending the duration from 2 years to 5 years. Ms. Johnson stated that she would supplement the study with information regarding what other public employees' retirement systems are doing in their plans to provide cost-savings measures. Some of those measures can be looked at from the employer's point of view, and Mr. Yates noted that some features may benefit the System but be a cost to the City and vice-versa. She also agreed to include some anti-selection information in the study. Ms. Hanlon noted that MPERS had proposed a legislative bill that would require the employer to continue paying employer contributions after a member entered DROP. She also noted that overtime, especially discretionary overtime, affects the cost to the System in the form of higher average compensation and higher benefits. Ms. Johnson was also asked to update the prior study in which the DROP interest rate was analyzed to see if it provides for adequate costs such as administrative expenses and investment expenses. She stated that she would produce the scope of the study and then a timeline for delivery sometime prior to year end.

**Motion by Mr. LeBlanc, seconded by Mr. West to engage Foster & Foster to do a study on the financial impact of the DROP on the System, as well as the impact of the return to work of retirees, and including the effect of overtime.**

**No discussion and no objections.**

**Motion passed by those members present.**

The chairman then introduced Item 9C, Presentation of 2019 Retirement System Audit Results by Postlethwaite & Netterville, and recognized Ms. Tiffani Dorsa for her presentation. Ms. Dorsa referred to the presentation in the Board packets. She stated that P&N issued several reports in relation to the operations of the System for 2019. An unmodified opinion was issued, which is the highest level of assurance that the statements present fairly the financial position and results of operations for the year. A report was also issued on internal control which showed nothing of concern. A letter was issued to management which noted two documents that were not found when reviewing member folders included in the statistical sampling of data. P&N also issued a report regarding the Statewide Agreed Upon Procedures (SAUP) and noted a few exceptions to management, specifically that some policies are lacking provisions that are recommended by the Legislative Auditor's Office. Ms. Dorsa gave specifics that were cited to management. She stated that in accordance with GASB 75, the System implemented the recognition of

OPEB liability in 2019 and retroactively to 2018, which required a restatement of 2018. Ms. Dorsa then covered graphs showing total plan net position, actuarial accrued liability, benefits, refunds, and contributions. She separately covered data for the PGT. She noted that there were no disagreements with management and that management provided all the information requested. Mr. LeBlanc asked whether or not P&N was considering the PGT's status as a going concern, and Ms. Dorsa stated that because of recent funding increases to the PGT, they were not as concerned about the funding issue.

**Motion by Mr. LeBlanc, seconded by Mr. Toups to receive the report from P&N as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 10, Administrative Matters, there were no matters to be addressed.

The chairman then continued with Item 11, Police Guarantee Trust Matters, and under Item 11A, PGT Benefits Report, recognized Mr. Yates who stated that the report was in order as presented. He did note that the Retirement Office was not made aware of the retirement of a transferred member until several months following her retirement from MPERS. This created a situation in which the member's deductions for insurance and other withholdings were in arrears for several months. Discussion continued regarding how to detect these types of situations.

**Motion by Mr. West, seconded by Mr. Bernard to approve the PGT Benefits Report as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 11B, the chairman noted that the PGT DROP Notifications Report was provided for the Board's information, and that no action was required.

Item 11C, Consultants' Reports, there were no items to address.

There were no investment manager invoices under Item 11D.1 for the Board's review.

Under Item 11D.2 there were no invoices to address.

Under Item 11D.3, PGT Cash Activity Report, Mr. Drago noted that there was nothing unusual to point out this month.

Under Item 11E.1, Presentation of the 2021 Retirement Office Budget – PGT, the chairman noted that the PGT budget had been presented previously.

Under Items 11F Unfinished Business, and 11G, there were no matters to address.

Seeing no further items on the agenda, the chairman called for a motion to adjourn.

**Motion by Mr. Toups, seconded by Mr. Bernard to adjourn at 10:59 a.m.**

**No discussion and no objections.**

**Motion passed by those members present.**

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**MARSHA HANLON**  
**CHAIRMAN, RETIREMENT BOARD OF TRUSTEES**

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**JEFFREY R. YATES**  
**RETIREMENT ADMINISTRATOR**